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Fleet Executive

The Magazine for Vehicle Management
July 1987

IRS

NAFA's Annual Personal Use Survey
pg 10

NAFA's 1987 Personal Use Survey garnered responses from 464 fleets across the United States and Canada. These fleets control 394,091 vehicles, which 221,049 are [illegible] owned and [illegible] 04[illegible] [illegible]e le[illegible]d.

The 389 [illegible] survey contr[illegible] 196,146 are [illegible] 160,362 are le[illegible] Canadian fleets [illegible] company-owned [illegible] leased [illegible] for [illegible] of 37,583.

Almost [illegible] per[illegible] responding [illegible] fleets [illegible] their drivers pers[illegible] company-provided vehicles. Eighty-four percent allow it after working hours; the same percentage allow it o[illegible]ends and holidays, and 76 percent allow personal use while the employee is on vacation. The numbers for Canadian fleets are higher: 87 percent allow personal use; 94 percent allow it after working hours; 94 percent allow it [illegible] weekends and [illegible] 93 percent allow it while t[illegible] [illegible]ee is on [illegible]

[illegible] of U.S. [illegible] all [illegible] their em[illegible] [illegible]se to drive [illegible] vehicle [illegible] [illegible] percent [illegible] Ca[illegible]an fleets [illegible] this is [illegible] fl[illegible] are a[illegible] [illegible]beral with reg[illegible] to th[illegible] [illegible]ployees' [illegible] [illegible]ldren's use of the [illegible]mpany vehicle: 81 percent said they allow this. In the U[illegible] only 38 percent of respondin[illegible] [illegible]ts said licensed children of em[illegible]es may use the fleet vehic[illegible] Thirty-eight percent of Canadian respondents also said "others" are allowed use of the company vehicle; this number was nine percent in the U.S. The same percentage (38) of fleets in both countries have set a minimum age limit of 20 for persons eligible to drive a

NAFA EXCLUSIVES

Understanding Your Fleet Vehicles
pg 20

As fleet managers, you are responsible for keeping your vehicles trouble-free in the most cost-effective and efficient manner. One service problem that can run into hundreds of dollars in re[illegible] automatic tr[illegible] [illegible]lure. However, as [illegible] most re[illegible] can [illegible] potenti[illegible] high [illegible] follo[illegible] simple [illegible] using a little [illegible] sense.

In order to understand the reasoning behind preventive transmission main[illegible]e, you must first look at how an [illegible]matic transmission works.

The automatic transmission, nearly 50 years old, basically does what the name implies: it transfers power manufactured by the engine to the driving wheels of the vehicle while automatically selecting an appropriate gear range. This automatic function is significant because the timing and selection of the proper gear is handled in much the same manner as a driver shifting a manual transmission.

All this is done with optimum performance and fuel economy

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FEATURES

10 **NAFA's Annual Personal Use Survey Results**
How much are drivers charged for personal mileage put on a company vehicle? How much are they reimbursed for business mileage on their personal car? Who is allowed to use a company car? What restrictions are placed on drivers for use of a company car while not on work time? Find the answers to these and other pertinent questions in this long-awaited NAFA Exclusive.

20 **Understanding Your Fleet Vehicles**
Many service problems in today's vehicles center around three main areas: transmissions, tires and electronic engine controls. In order that our Members and Affiliates have a better understanding of these components, we offered a General Session entitled "Understanding Your Fleet Vehicles" at our recent Annual Conference in Montreal. Panelists from Ford, General Motors and Michelin Tires presented attendees with the latest information on the operation and maintenance of these vital auto systems. Get the full picture of what each panelist said in this detailed NAFA special.

34 **Training For A Successful Career**
The best way to get desired work results from employees is to ensure they are fully and properly trained in all aspects of their job. Not only that, they must be trained to strive for the future and know there are good things to come from their hard work. You can learn how to train your subordinates, as well as yourself, in this brief but concise article.

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NAFA EXCLUSIVE

Annual Personal

NAFA's 1987 Personal Use Survey garnered responses from 464 fleets across the United States and Canada. These fleets control 394,091 vehicles, of which 221,049 are company-owned and 173,042 are leased.

The 389 U.S. fleets in this survey control 356,508 vehicles; 196,146 are company-owned and 160,362 are leased. The 75 Canadian fleets control 24,903 company-owned and 12,680 leased vehicles, for a total of 37,583.

Almost all (91 percent) responding U.S. fleets allow their drivers personal use of company-provided vehicles. Eighty-four percent allow it after working hours; the same percentage allow it on weekends and holidays, and 76 percent allow personal use while the employee is on vacation. The numbers for Canadian fleets are higher: 87 percent allow personal use; 94 percent allow it after working hours; 94 percent allow it on weekends and holidays, and 93 percent allow it while the employee is on vacation.

Number of Returns by Classification	U.S.	Canada	Total
Drugs & Cosmetics	39	16	55
Food & Beverage	40	13	53
Insurance	61	2	63
Chemical & Petroleum	24	5	29
Mfg.-Industrial	67	15	82
Mfg.-Consumer	47	7	54
Public Utility	31	3	34
Government	42	7	49
Banking-Financial	19	2	21
Other	19	5	24
TOTAL	389	75	464

Eligible Drivers

Nearly 75 percent of U.S. fleets allow their employee's spouse to drive the company vehicle for personal use, while 93 percent of Canadian fleets said this is permitted. Canadian fleets are also more liberal with regard to their employees' licensed children's use of the company vehicle: 81 percent said they allow this. In the U.S., only 38 percent of responding fleets said licensed children of employees may use the fleet vehicle. Thirty-eight percent of Canadian respondents also said "others" are allowed use of the company vehicle; this number was nine percent in the U.S. The same percentage (38) of fleets in both countries have set a minimum age limit of 20 for persons eligible to drive a company vehicle.

Responding U.S. fleet managers estimated employees drive more than 473 miles of personal use mileage each month on the company vehicle. The yearly per-car-per-driver personal use mileage estimate was put at 5,440 miles. Canadians said their monthly per-car-per-driver personal use average was nearly 874 kilometers, while the yearly total was slightly above 8,605 kilometers.

All told, U.S. fleets said an average of 17.4 percent of their total yearly fleet mileage is for personal use. Canadian fleets put their estimate at 22.8 percent. Correspondingly, 81 percent of U.S. fleets and 90 percent of Canadian have no limit on the amount of personal use mileage allowed. (Those U.S. fleets having limits on personal use set it at an average of 590 miles; the Canadian average is 4,732 kilometers.)

Who Pays and How?

More than 80 percent of U.S. fleets and 66 percent of Canadian fleets charge their employees for personal use of a company vehicle. The most popular method of charging in the U.S. is a cents-per-mile system, while in Canada it is by flat monthly or weekly charges. In the U.S., the average charge per mile is 16.7 cents; in Canada, the average

Use Survey Results

monthly/weekly charge (in Canadian dollars) is $58.10. The most-used method of collecting these charges in both countries is through salary deductions.

When reimbursing drivers for business use of their personal vehicle because they do not have a company-provided vehicle, 306 U.S. and 59 Canadian fleets pay only for mileage driven. The per-mile system was by far the most popular in both countries. The average amount paid in the U.S. is 20.6 cents; in Canada, it is 22.4 Canadian cents.

The per-mile pay system was also the most popular in situations where an employee's assigned fleet vehicle is not in operation and he uses his personal vehicle for business. This is used by 315 U.S. and 37 Canadian fleets. Average amount paid by U.S. fleets is 20.7 cents and by Canadian fleets it is 22.5 Canadian cents.

An employee's job title is the most important factor in determining who gets a company vehicle according to 292 U.S. and 34 Canadian fleets. A close second in the U.S. (202 fleets) was the number of business miles driven in a year, with the average being 13,503 miles. The results show Canadian fleets are fairly split in this department as well, with 30 fleets saying company vehicles were provided as part of the employees' fringe benefit package.

U.S. and Canadian fleet managers also differ on alternate means of transportation for employees whose assigned fleet vehicle is not in operation. Most U.S. fleets (331) prefer the employee to use his personal vehicle for business while being reimbursed, while a high number (292) also permit him to rent a vehicle. Just the opposite is true in Canada. Sixty-three Canadian fleets would first prefer to rent a vehicle and 46 would allow the employee to use his personal vehicle.

U.S.-Canadian Differences

Differences also exist between U.S. and Canadian fleets with regard to the ways they handle accident repair costs passed on to drivers, when and if they charge drivers with accidents and if and how they compensate drivers who lose eligibility for fleet vehicles.

Sixty-three percent of Canadian fleets pass on to the employee some portion of repair costs resulting from accidents during personal use. Only 31 percent of U.S. fleets do so.

Also, less than half (48 percent) of U.S. fleets charge their employees with an accident if someone else has the accident while driving the company vehicle for personal use. In Canada, however, slightly more than half (53 percent) do this.

Finally, Canadian fleets are also more likely to compensate their employees who lose eligibility for a company vehicle because of transfer or reassignment. Fifty-two percent of Canadian fleets will either make a one-time payment to the employee or offer to sell him the vehicle at a discounted rate. In the U.S., only 41 percent of fleets said they are willing to do this.

(Continued on page 12)

Survey Highlights

- **NAFA's Personal Use Survey received 464 responses — an all-time high.**
- **Almost all responding U.S. fleets allow their drivers personal use of a company-provided vehicle.**
- **The most popular method in the U.S. of charging employees for personal use is a cents-per-mile system, while in Canada it is by flat monthly or weekly charges.**
- **When reimbursing drivers for business use of their personal vehicle because they do not have a company-provided vehicle, 306 U.S. and 59 Canadian fleets pay only for mileage driven. The per-mile system is by far the most popular in both countries.**

NAFA's Annual Personal Use Survey *(Continued from page 11)*

What is the average percent of your fleet's total mileage considered to be personal use?

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S.	16.5%	16.9%	21.9%	15.0%	18.8%	13.4%	14.1%	12.9%	21.6%	15.0%	17.4%
Canada	17.2%	20.9%	25.0%	22.3%	26.7%	22.2%	40.0%	40.0%	33.0%	26.0%	22.8%

Average personal mileage driven by employees on company vehicle:

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S. - Monthly	226.3	385.1	427.9	339.0	411.5	652.0	672.8	463.2	633.0	534.0	473.3
- Yearly (Miles)	2,830.0	4,746.6	5,693.9	5,426.6	5,677.0	5,599.3	8,051.0	3,610.0	7,103.8	6,152.0	5,440.0
Canada - Monthly	459.0	1,530.8	850.0	333.3	762.6	518.7	1,375.0	1,200.0	680.0	1,062.0	873.9
- Yearly (Kilometers)	9,163.0	7,804.4	10,000.0	4,500.0	13,520.1	5,505.8	12,000.0	14,000.0	8,165.0	5,420.0	8,605.4

Is a limit placed on the amount of personal miles driven? If so, what is it?

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S. - Yes	2	2	4	5	9	6	9	17	3	13	70
- No	35	34	55	19	55	40	13	11	14	14	290
Limit (Miles)	100	300	0	0	887	1,000	300	0	325	50	590
Canada - Yes	1	3	0	0	0	0	0	2	0	1	7
- No	15	10	2	5	14	7	2	1	2	4	62
Limit (Kilometers)	160	4,500	0	0	0	0	0	14,000	0	500	4,732

Are drivers permitted personal use of company-provided vehicle at any of the following times?

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
Whenever Necessary:											
U.S. - Yes	39	38	58	22	64	42	17	19	17	17	333
- No	0	1	0	1	3	4	12	20	1	2	44
Canada - Yes	13	11	2	5	14	6	2	2	2	5	62
- No	2	1	0	0	0	1	1	4	0	0	9
After Working Hours:											
U.S. - Yes	38	39	58	20	62	43	17	12	14	15	318
- No	0	0	2	3	4	3	10	24	4	2	60
Canada - Yes	14	12	2	4	15	6	1	2	2	5	63
- No	0	0	0	1	0	0	0	3	0	0	4
Weekends & Holidays:											
U.S. - Yes	38	39	58	18	61	43	13	10	14	15	309
- No	0	0	2	5	4	3	13	26	4	2	59
Canada - Yes	14	12	2	4	15	6	1	2	2	5	63
- No	0	0	0	1	0	0	0	3	0	0	4
On Vacation:											
U.S. - Yes	36	37	57	14	59	42	5	2	10	13	275
- No	2	2	3	7	7	4	19	31	8	4	87
Canada - Yes	14	12	2	4	15	6	1	2	2	4	62
- No	0	0	0	1	0	0	0	3	0	1	5

(Continued on page 14)

1986-1987 Personal Use Survey Comparison

	1986	1987	+/-
Total Fleets Responding	358	464	+106
Total Vehicles	237,710*	394,091	+156,381
Total Company-Owned Vehicles	121,479	221,049	+99,570
Total Leased	106,671	173,042	+66,371

*Included 9,560 employee-owned vehicles.

	Percent of Fleets Responding Positively 1986	1987	% +/-
Permitted Personal Use:	93%	88%	-5%
After Work	97	97	0
Weekends and Holidays	96	94	-2
On Vacation	86	85	-1
Charged for Personal Use (total):	83%	80%	-3%
Of above figure, percent charged by:			
Per Mile Charge	39	45	+6
Flat Monthly/Weekly Rate	39	39	0
Combination Per Mile/Flat Rate	28	15	-13
Charges Collected By:			
Expense Report	87%	68%	-19%
Salary Deduction	97	73	-24
(Does not equal 100% because many respondents use more than one method.)			
Personal Use Permitted By:			
Employee Spouse	*	77%	
Employees' Licensed Children	*	44	
Others	*	13	
Repair Costs Paid By Employee:			
Yes	39%	36%	-3%
Of above figure, percent charging:			
Full Amount	5	5	0
Fixed Share	4	.7	-3.3
Dollar Amount	34	35	+1
Insurance Deductible	56	41	-15
Other	1	18.3	
Driver Charged With Accident - Other Driving:	31%	49%	#18%
Authorized Alternate Transportation:			
Employee's Vehicle	96%	92%	-4%
Rented Vehicle	94	89	-5
District Manager's Vehicle	51	40	-11
Pool Vehicle	86	74	-12
(Does not equal 100% because many respondents allow several alternatives.)			
IRS Audit in Last Two Years	8%	8%	0

*Last year, those returns with no answers for these questions were NOT counted as negative votes. This year, answers left blank WERE counted as negative votes with the assumption that if the question was left unanswered it did not apply to the respondent. Next year, respondents will not be asked to respond "yes" or "no" but rather to check off all options that apply to them with no answer meaning it does not apply.

Note: Reimbursement figures for business use of a personal vehicle were computed differently in the past, making comparison impractical. Previously, figures were broken down into categories of 15 cents or less, 16-19 cents, 20 cents, 20.5 cents, 21-24 cents, and 25 cents or more. This year, as you can see in the charts on these pages, we give you a median average for each industry classification. (The median average is that figure shown above and below which exactly 50 percent of responses fall.) We feel this method gives you a better, more precise and more accurate figure for each individual industry classification as well as for the entire fleet industry.

Last year, 42 percent of respondents said they reimburse employees for business use of a personal vehicle with no assigned fleet vehicle an average of 20 cents per mile. Twenty-eight percent paid 21-24 cents; 22 percent paid 20.5 cents; five percent paid 16-19 cents; two percent paid 25 cents or more, and one percent paid 15 cents or less. This year, the industry average was 20.6 cents in the United States and 22.4 cents in Canada.

When reimbursing driver for business use of a personal vehicle when an assigned fleet vehicle is not in operation, last year respondents said they paid: 20 cents - 42 percent; 21-24 cents - 26 percent; 20.5 cents - 23 percent; 16-19 cents - five percent; 25 cents or more - two percent, and 15 cents or less - two percent. Industry-wide averages this year were 20.7 cents (United States) and 22.5 cents (Canada).

Factors governing assignment of company-provided vehicle:

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S.											
A. Business Mileage:											
Yes	14	15	44	15	40	16	14	20	11	13	202
No	7	8	3	4	12	13	9	10	4	4	74
If "Yes" how many miles per year:	10,000	16,538	11,172	18,200	13,690	13,915	10,073	13,816	14,600	13,722	13,503
B. Job Title: Yes	33	38	48	18	52	36	20	23	11	13	292
No	1	1	6	3	7	8	5	8	3	4	46
C. Fringe Benefit: Yes	9	6	11	7	19	9	2	1	4	8	76
No	12	14	26	11	20	14	16	23	7	4	147
D. Other: Yes	3	4	6	5	4	3	7	15	4	3	54
No	14	14	20	8	20	15	6	15	3	3	118
Canada											
A. Business Mileage:											
Yes	3	2	0	4	5	2	2	2	1	2	23
No	5	5	0	1	3	1	0	2	0	1	18
If "Yes" how many kilometers per year:	10,000	25,000	0	26,333	14,333	10,000	0	13,500	16,200	10,000	16,938
B. Job Title: Yes	1	11	2	4	0	5	2	2	2	5	34
No	0	0	0	0	0	0	1	3	0	0	4
C. Fringe Benefit: Yes	6	4	1	2	6	3	2	1	2	3	30
No	3	2	0	1	1	0	1	3	0	1	12
D. Other: Yes	1	3	0	0	1	1	1	3	0	0	10
No	6	4	0	1	2	1	1	0	0	3	18

NAFA's Personal Use Survey... From a Canadian Viewpoint

The following are comments by Chris Hill, Manager, Corporate Fleet, Honeywell, Ltd., North York, Ontario, Canada.

It is of interest to note that company cars are much more likely to be part perk in Canada than in the United States. More companies use job title or fringe benefits as a rationale for assigning company cars than business mileage. A higher portion of total driving is reported as personal use in Canada than in the U.S. and has increased slightly from last year.

The inference that the vehicle is a perk can be established by reviewing personal use charges. Thirty percent of Canadian fleets charge the employee nothing for personal use, compared to 17.7 percent of U.S. fleets. Given that the average annual cost of a fleet car approaches $7,000, with average personal mileage running at 22.8 percent, it would follow that a proportional sharing of costs would result in an average employee contribution of about $1,600. The highest personal use charges appear in the Drugs and Cosmetics sector, averaging $732 a year, and Consumer Manufacturing at $800 a year. Clearly, almost all Canadian firms responding to the survey underwrite the cost of personal use to a significant extent.

Canadian fleets tend to be stricter about accidents occurring on personal time. Some portion of the repair costs will be passed back to the driver in 62 percent of Canadian fleets, versus only 31 percent of American fleets.

The majority of Canadian fleet drivers appear to have access to a pool car when the assigned fleet car is not in operation. Perhaps because of the high personal use value, relatively few fleets permit employees to use their manager's vehicle, whereas their U.S. counterparts have such access in much higher numbers.

As in the U.S., very few fleets use anything other than a mileage-based reimbursement for employees using their personal vehicle for business, whether this a full-time arrangement (i.e. no assigned fleet vehicle), or temporary while the company car is not operable. This is surprising in light of the Runzheimer survey in 1985 claiming that only 14 percent of the respondents use the flat cents-per-kilometer method.

In reviewing amounts paid, Canadian firms seem to be consistently close to the average reimbursement of 22.4 cents per kilometer. As in previous studies, the Canadian driver earns a premium of about 75 percent compared to the average U.S. driver, who receives 20.7 cents a mile. This is partially due to gasoline prices, which are twice as high in Canada compared to the U.S. Historically, however, Canadian reimbursements have always been much higher than in the U.S., even when gas prices in Canada were below world levels from 1980 to 1983.

While a slight majority of Canadian firms do not compensate employees who become ineligible for a company vehicle, a significant number do, usually by offering to sell the assigned vehicle to the driver. Very few make a one-time payment; the average amount paid was $5,600, compared to $2,921 in the U.S.

NAFA's Annual Personal Use Survey *(Continued from page 14)*

Is personal use of fleet vehicle permitted by:

		Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S.												
Employee Only:	Yes	37	39	60	21	62	46	16	16	17	16	330
	No	0	0	0	3	3	1	11	21	2	1	42
Employee Spouse:	Yes	36	38	57	15	57	44	5	1	10	13	276
	No	1	1	4	9	9	2	20	36	9	4	95
Licensed Children:	Yes	22	22	23	7	23	25	2	0	3	8	135
	No	13	16	34	17	40	17	23	37	16	9	222
Others:	Yes	4	5	8	2	4	2	1	0	1	0	27
	No	23	28	41	21	48	30	23	36	16	12	278
Canada												
Employee Only:	Yes	16	13	2	4	15	7	2	2	2	5	68
	No	0	0	0	1	0	0	0	3	0	0	4
Employee Spouse:	Yes	16	13	2	4	14	7	2	2	2	4	66
	No	0	0	0	1	1	0	0	3	0	1	5
Licensed Children:	Yes	12	11	1	4	12	6	0	2	0	4	52
	No	3	2	1	0	2	0	0	3	0	1	12
Others:	Yes	4	4	0	3	3	1	0	1	1	0	17
	No	7	6	1	2	4	2	0	3	0	3	28

Have you set a minimum age for persons eligible to drive a company vehicle for personal use?

		Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S.	Yes	18	23	15	8	30	18	3	12	2	7	136
	No	21	16	44	15	32	27	17	21	17	10	220
If "Yes" what is the age set for:												
Children:		20	20	20	20	21	21	0	19	0	20	20
Others:		21	21	21	20	21	20	20	19	21	18	20
Canada	Yes	6	7	0	2	5	3	0	0	1	2	26
	No	9	6	2	3	10	4	2	3	1	3	43
If "Yes" what is the age set for:												
Children:		19	21	0	23	20	20	0	0	0	22	20
Others:		19	22	0	0	25	0	0	0	0	25	20

Is employee charged for personal use of company-owned vehicle?

		Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S.	Yes	35	34	53	19	59	39	15	8	15	13	290
	No	3	5	7	5	4	7	5	19	4	14	73
Canada	Yes	14	9	2	4	8	5	1	1	1	1	46
	No	2	4	0	1	7	2	1	2	1	4	24

If yes, how are they charged and what amount?

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
Per Mile Charge: Yes	16	12	26	11	21	18	11	3	7	6	131
No	8	7	8	2	13	6	1	3	1	3	52
U.S. Amount (cents)	17.4	15.8	15.6	18.1	15.8	17.0	19.1	15.3	19.3	16.0	16.7
Monthly/Weekly Charge:											
Yes	12	18	16	4	24	13	4	4	6	3	104
No	2	2	13	3	4	4	5	3	2	3	41
U.S. Amount (dollars)	60.7	57.7	57.6	41.0	65.6	47.6	60.0	53.0	57.5	71.0	58.1
Combination of both:											
Yes	6	5	6	4	15	8	0	1	2	0	47
No	5	6	15	2	11	6	6	4	2	0	57
Per Mile Charge: Yes	3	3	0	3	3	2	1	1	0	4	20
No	3	4	0	0	1	0	0	0	0	1	9
Canadian Amount (cents)	4.7	7.7	0	14.0	8.5	16.0	8.0	0	0	11.0	9.8
Monthly/Weekly Charge:											
Yes	10	6	1	0	6	1	0	0	1	1	26
No	0	1	0	0	0	0	0	0	0	2	3
Canadian Amount (dollars)	61.0	45.0	32.5	0	59.0	44.0	0	0	40.0		53.3
Combination of both:											
Yes	0	0	1	1	1	1	0	0	0	0	4
No	2	5	0	0	1	0	0	0	0	2	10

Do you collect these charges via:

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S.											
Expense Report: Yes	19	16	31	7	30	17	0	0	2	3	125
No	10	6	3	3	10	5	8	7	3	2	57
Salary Deduction: Yes	18	19	25	6	24	17	10	5	6	1	131
No	4	6	12	5	10	4	2	4	1	6	54
Canada											
Expense Report: Yes	4	2	1	1	3	2	1	1	1	1	17
No	3	5	0	0	2	0	0	0	0	1	11
Salary Deduction: Yes	10	6	1	2	6	2	0	0	0	2	29
No	2	0	0	0	1	0	0	0	0	2	5

(Continued on page 18)

"Fleet managers must adhere to all aspects of the Tax Reform Act even though the final regulations have not yet been issued. Thirty companies that participated in this survey have been audited. That is a surprisingly high number and fleet executives must be prepared to face the IRS."

Gordon West
Corporate Fleet Manager
Pfizer, Inc.

 (Continued from page 17)

Is any portion of repair costs resulting from accidents during personal use charged to the driver?

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S. Yes	14	16	11	6	29	17	1	6	2	5	106
No	23	20	48	17	33	30	17	22	16	10	236
If "Yes" how much:											
A. Full Amount	1	2	0	0	1	0	0	1	0	0	5
B. Fixed Share	1	0	0	0	0	0	0	0	0	0	1
C. Dollar Amount	6	7	5	0	11	7	1	1	1	0	39
D. Insurance Deductible	3	6	7	1	15	8	0	2	0	3	45
U.S. Operator charged with accident if another driving for personal use? Yes	22	25	23	6	36	22	2	7	3	5	151
No	12	12	35	14	26	23	9	13	12	8	164
Canada Yes	14	6	2	3	9	2	0	2	2	2	42
No	1	7	0	2	4	4	2	2	0	3	25
If "Yes" how much:											
A. Full Amount	0	0	0	2	0	0	0	0	0	0	2
B. Fixed Share	0	0	0	0	0	0	0	0	0	0	0
C. Dollar Amount	6	1	1	1	2	1	0	0	0	0	12
D. Insurance Deductible	4	2	1	0	6	0	0	1	2	0	16
Canada Operator charged with accident if another driving for personal use? Yes	11	5	2	2	5	3	0	1	1	2	32
No	3	7	0	1	8	3	2	2	0	3	29

REIMBURSEMENT POLICIES

Business Use of Personal Vehicle — No Fleet Vehicle Assigned

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S. Number reimbursing drivers for:											
A. Mileage Only:	30	32	53	20	44	39	27	31	16	14	306
Average Amount (U.S. cents)	20.5	20.5	20.2	21.1	20.7	20.3	22.3	20.8	20.6	19.0	20.6
B. Fixed Amount:	0	3	1	0	2	1	0	1	0	0	8
Average Amount (monthly U.S. dollars)	0	$350	0	0	$350	$275	0	$320	0	0	$324
C. Fixed Amount Plus Mileage:	0	4	1	1	10	1	1	0	0	0	18
Average Amount Per Mile:	0	13.5	0	10.0	8.0	14.0	0	0	0	0	10.5
Average Fixed Amount Per Month:	0	$190	0	$300	$286	$250	0	0	0	0	$241
D. Graduated Scale:	0	0	4	0	1	0	0	0	0	0	5
Canada Number reimbursing drivers for:											
A. Mileage Only:	14	9	2	5	11	6	1	4	2	5	59
Average Amount (Canadian cents)	23.1	22.7	16.0	23.0	22.0	21.6	26.0	24.5	22.5	20.0	22.4
B. Fixed Amount:	0	0	0	0	0	0	0	0	0	0	0
C. Fixed Amount Plus Mileage:	0	1	0	0	0	0	0	0	0	0	1
Average Amount Per Mile:	0	8.0	0	0	0	0	0	0	0	0	8.0
Average Fixed Amount Per Month:	0	$325	0	0	0	0	0	0	0	0	$325
D. Graduated Scale:	0	1	0	0	0	0	0	4	0	0	5

Business Use of Personal Vehicle — Assigned Fleet Vehicle Not in Operation

	Drugs & Cosmetics	Food & Beverage	Insurance	Chemical & Petroleum	Manufacturing-Industrial	Manufacturing-Consumer	Public Utility	Government	Banking-Financial	Other	TOTAL SAMPLE
U.S.											
Number reimbursing drivers for:											
A. Mileage Only:	37	34	48	20	56	37	24	27	17	15	315
Average Amount (U.S. cents)	20.3	20.6	20.2	21.3	20.3	20.4	22.0	21.4	20.7	21.0	20.7
B. Fixed Amount:	0	0	1	0	1	0	0	1	0	0	3
C. Fixed Amount Plus Mileage:	0	1	0	0	1	0	1	0	0	0	3
Average Amount Per Mile:	0	16.5	0	0	0	0	0	0	0	0	16.5
Average Fixed Amount:	0	$155	0	0	0	0	$220	0	0	0	$188
D. Graduated Scale:	0	0	3	1	1	0	0	0	0	0	5
1. Amount for 1st Number of Miles	0	0	19.3	21.0	21.0	0	0	0	0	0	20.4
2. First Number of Miles Reimbursed at Rate in D1	0	0	10.233	1.250	300	0	0	0	0	0	3.400
3. Amount for Any Mileage Over That in D2	0	0	10.7	11.0	11.0	0	0	0	0	0	10.9
Canada											
Number reimbursing drivers for:											
A. Mileage Only:	12	7	1	3	6	2	2	4	0	0	37
Average Amount (Canadian cents)	22.7	22.8	0	22.5	20.0	20.0	23.5	24.5	0	0	22.5
B. Fixed Amount:	0	0	0	0	0	0	0	0	0	0	0
C. Fixed Amount Plus Mileage:	0	0	0	0	0	0	0	0	0	0	0
D. Graduated Scale:	0	1	0	0	0	0	0	1	0	0	2
1. Amount for 1st Number of Miles	0	22	0	0	0	0	0	28	0	0	25.0
2. First Number of Miles Reimbursed at Rate in D1	0	10,000	0	0	0	0	0	4,000	0	0	7,000
3. Amount for Any Mileage Over That in D2	0	18	0	0	0	0	0	26	0	0	22.0

NAFA

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NAFA

Fleet Executive

The Magazine for Vehicle Management

August 1987

NASHVILLE, TN

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Nashville, TN
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Weather

How do fleet managers determine car prices?

NAFA's Annual Used Car Marketing Survey has the answers.

report begins on pg 8

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How many months do fleet managers keep their vehicles? What methods do they use to sell the vehicles? Find out how your used car marketing policies compare with those of your peers in this NAFA exclusive.

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The definition of "import" is no longer as clear as it was several years ago. More and more American manufacturers are joining forces with import car makers to create a somewhat confusing automobile market. How do these mergers affect you, the fleet manager? Moe Closs, president and chief executive officer, Chrysler Canada Ltd., offered his views at the Montreal Annual Conference.

26 **Form and Function: Perspectives on Tomorrow's Vehicles**
Ted Robertson, director of engineering, General Motors of Canada, Ltd., offered an interesting look into the future of the automobile industry at the Annual Conference. He believes that cellular phones, voice command systems, and remote infrared will all be standard features. Find out more in this summary of his presentation.

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NAFA EXCLUSIVE

Annual Used Car Marketing Survey Results

Results from NAFA's 1987 Used Car Marketing Survey show U.S. commercial fleets are keeping their cars longer and driving them more miles than last year. In fact, both U.S. public utility and Canadian fleets showed they too are driving their vehicles more miles before disposing them. Only government fleets said they are keeping their vehicles less time and less mileage than last year.

This year's survey had responses from 280 U.S. commercial fleets, 50 U.S. government fleets, 27 U.S. public utilities fleets and 49 Canadian fleets for a total response of 406. These fleets control 102,263 company-owned and 102,676 leased vehicles for a total of 204,939 vehicles. (U.S. fleets totalled 97,785 company-owned and 93,116 leased vehicles; Canadian fleets had 4,478 company-owned and 9,560 leased vehicles.)

In 1985, U.S. commercial fleets kept their vehicles an average of 30.2 months/61,029 miles and this year most of their vehicles sold were 31 months old and had been driven 64,356 miles. U.S. public utilities fleets, despite keeping their cars five less months than last year, still keep cars the longest at 61 months. This group said they increased their mileage before disposal by nearly 3,000 per car to an average of 81,362. Canadian fleets increased the mileage driven on their cars by more than 16,000 kilometers (to 94,478 km) before they were sold but stayed in the same 32 month time frame as last year. U.S. government fleets, however, kept their cars 61 months - five months less than last year - and sold them with 87,231 miles - 4,448 less than last year.

Interestingly, the vast majority of respondents said they plan no major changes in the near future in the length of time or number of miles their cars are driven before being sold. Of the approximate 20 percent planning major changes, most said they will decrease the number of months they keep cars while nearly an equal number said they will increase the number of months they keep cars.

Survey Highlights

- In 1986, U.S. commercial fleets kept their vehicles in service an average of 31 months and drove them an average of 64,356 miles. This compares to 30.2 months/61,029 miles in 1985.
- Public Utility fleets keep their vehicles for the longest period of time — 61 months.
- About 80 percent of all survey respondents said they plan no major changes in the future concerning length of time or number of miles their vehicles are driven before being sold.
- Auto auctions and wholesalers continue to be the most popular method that U.S. commercial fleets use to dispose of their vehicles.

Replacement Policies

Average 1986 replacement policies for each group were, according to results: U.S. commercial fleets - 37 months/66,425 miles; U.S. government fleets - 58 months/78,668 miles; U.S. public utilities fleets - 67 months/80,158 miles; Canadian fleets - 36 months/103,714 kilometers.

For 1987, these groups said their average replacement policies would be: U.S. commercial fleets - 40 months/65,808 miles; U.S. government fleets - 58 months/77,820 miles; U.S. public utilities fleets - 65 months/80,176 miles; Canadian fleets - 36 months/94,463 kilometers.

Replacement policies for 1988 were projected to be: U.S. commercial fleets - 45 months/64,740 miles; U.S. government fleets - 49 months/70,793 miles; U.S. public utilities fleets - 100 months/79,867 miles; Canadian fleets - 35 months/90,000 kilometers.

Vehicles Sold

U.S. commercial fleets sold 52,417 vehicles last year; 12,460 were 1983 models, 23,404 were 1984s, 11,716 were 1985s and 4,837 were 1986s. U.S. government fleets sold 1,486 1983s, 679 1984s, 123 1985s and 12 1986s for a total of 2,300. U.S. public utilities sold 652 cars, of which 326 were 1983 models, 207 were 1984 models, 86 were 1985 models and 33 were 1986 models. Canadian fleets sold 863 1983 models, 1,430 1984 models, 437 1985 models and 66 1986 models for a total of 2,796.

Auto auctions and wholesalers continue to be the major market in which U.S. commercial fleets dispose of their vehicles, with sales to employees second. An equal amount of vehicles were sold to new and used car dealers or salvaged in this fleet category. U.S. governments sell their vehicles almost entirely through auto auctions or wholesalers with few or no sales to employees. U.S. public utilities fleets ride the auto auction/wholesaler tide with the next largest number of vehicles sold to employees. Canadian fleets are almost split down the middle between selling cars to employees and going through auctions or wholesalers.

Employee Sales

Since so many cars are sold to employees, it is necessary for someone to determine the price of the vehicles. In 75.9 percent of U.S. commercial, 64.3 percent of U.S. public utilities and 77.3 percent of Canadian fleets, this responsibility belongs to the fleet manager. (Data for U.S. government was insufficient to calculate since so few government fleets sell to their employees.)

When determining the price of the vehicle sold, 46.3 percent of U.S. commercial fleets use the Automotive Market Report; 50 percent of U.S. public utilities fleets use the NADA wholesale price, and 57.1 percent of Canadian fleets use the Black Book value. (Again, data for U.S. government fleets was insufficient to calculate since so few sell to their employees.)

Used Car Marketing Survey Response Breakdown

U.S. COMMERCIAL FLEETS	NUMBER OF RESPONSES	
Industrial Manufacturing	58	
Consumer Manufacturing	43	
Drugs and Cosmetics	37	
Insurance	34	
Food and Beverage	23	
Banking/Financial	17	
Other	68	
Total U.S. Commerical Fleets		280
U.S. Government Fleets	50	
U.S. Public Utilities Fleets	27	77
TOTAL U.S. FLEETS RESPONDING		357
CANADIAN FLEETS		
Industrial Manufacturing	10	
Drugs and Cosmetics	9	
Consumer Manufacturing	7	
Food and Beverage	5	
Government	3	
Public Utility	3	
Insurance	2	
Other	10	
Total Canadian Fleets Responding		49
TOTAL SURVEY RESPONSE (TOTAL U.S. + TOTAL CANADA)		406

Almost all fleets in the survey (97.1 of U.S. commercial, 91.5 of U.S. government, 95.8 of U.S. public utilities and 89.1 of Canadian) sell cars as is. Likewise, 88.1 percent, 70.8 percent, 87.5 percent and 80.9 percent of these fleets, respectively, do not recondition their cars.

For a more detailed, industry-by-industry look at these statistics, see the charts on the following pages.

(Continued on page 12)

FTC Announces Guidelines Enforcing Used Car Sales Regulations

The staff of the Federal Trade Commission has written compliance guidelines for the "Used Car Rule." The Rule (16 CFM Part 455) was promulgated November 19, 1984, and became effective May 9, 1985. The Rule's requirements apply to fleets which sell more than 5 used vehicles to individuals other than employees in a 12-month period. Fleet car sales through auctions which are open only to dealers are not covered by the rule; however, sales through public auctions are covered.

Under the Rule, fleets which sell more than 5 vehicles to consumers in a 12-month period must: (1) prepare and display a Buyers Guide on each vehicle offered for sale to a consumer; (2) include a special disclosure in the contract of sale; (3) identify the final warranty terms in the contract of sale; and (4) give the purchaser a copy of the Buyers Guide that includes the final warranty terms.

The Staff Compliance Guidelines include a number of illustrations of situations which might arise, with interpretations of how the Rule should be applied.

Copies of the Staff Compliance Guidelines are available from the FTC directly, or from Pat O'Connor, NAFA's Legislative Counsel, at (202) 223-6222.

 (Continued from page 9)

Who is responsible for setting the price of vehicles sold to employees?

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Fleet Manager	74.1%	94.7%	76.7%	75.6%	80.5%	78.6%	65.4%	75.9%
Leasing Company	11.1%	0	13.3%	13.3%	14.6%	7.1%	19.2%	13.2%
Other	14.8%	5.3%	3.3%	11.1%	4.9%	14.3%	15.4%	10.1%
Car Dealer	0	0	6.7%	0	0	0	0	0.8%
U.S. Government Fleets								**N.A.**
U.S. Public Utilities Fleets								
Fleet Manager								64.3%
Other								28.6%
Leasing Company								7.1%
Canadian Fleets								
Fleet Manager								77.3%
Other								15.9%
Leasing Company								6.8%

Guidelines used for price determination of vehicles sold to employees:

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Automotive Market Report	35.7%	50.0%	61.5%	56.4%	45.5%	46.2%	32.7%	46.3%
Book Value	35.7%	15.0%	11.5%	32.7%	21.2%	15.4%	28.8%	25.6%
Leasing Company Price	39.3%	15.0%	7.7%	16.4%	18.2%	15.4%	23.1%	19.8%
NADA Wholesale Prices	7.1%	15.0%	34.6%	20.0%	12.1%	30.8%	17.3%	18.5%
Black Book Value	17.9%	25.0%	15.4%	10.9%	15.2%	7.7%	21.2%	16.3%
Wholesale Value	10.7%	20.0%	15.4%	12.7%	21.2%	38.5%	7.7%	15.0%
Other	14.3%	20.0%	11.5%	9.1%	9.1%	15.4%	11.5%	11.9%
Market Value	7.1%	5.0%	7.7%	10.9%	6.1%	0	17.3%	9.7%
U.S. Government Fleets								**N.A.**
U.S. Public Utilities Fleets								
NADA Wholesale Prices								50.0%
Wholesale Value								16.7%
Other								16.7%
Automotive Market Report								8.3%
Black Book Value								8.3%
Book Value								8.3%
Leasing Company Price								8.3%
Market Value								8.3%
Canadian Fleets								
Black Book Value								57.1%
Book Value								35.7%
Wholesale Value								19.0%
Leasing Company Price								16.7%
Market Value								11.9%
Other								11.9%

Note: Percentages do not equal 100% since many respondents use more than one guideline.

(Continued on page 14)

1986-1987 Used Car Marketing

Fleets Responding

	1986	1987	+/-
U.S. Commercial Fleets	221	280	+59
U.S. Government Fleets	44	50	+6
U.S. Public Utilities Fleets	14	27	+13
Total U.S. Fleets	279	357	+78
Canadian Fleets	44	49	+5
Total Respondents	323	406	+83

Total Vehicles

Company-Owned			
U.S. Commercial Fleets	65,749	54,476	-11,273
U.S. Government Fleets	60,788	30,126	-30,662
U.S. Public Utilities Fleets	28,326	13,183	-15,143
Total U.S. Respondents	154,863	97,785	-57,078
Canadian Fleets	7,252	4,478	-2,774
Total Company-Owned Vehicles	162,115	102,263	-59,852
Leased			
U.S. Commercial Fleets	108,462	91,748	-16,714
U.S. Government Fleets	232	152	-80
U.S. Public Utilities Fleets	952	1,216	+264
Total U.S. Respondents	109,646	93,116	-16,530
Canadian Fleets	6,074	9,560	+3,864
Total Leased Vehicles	115,720	102,676	-13,044
Total Vehicles			
U.S. Commercial Fleets	174,211	146,224	-27,987
U.S. Government Fleets	61,020	30,278	-30,742
U.S. Public Utilities Fleets	29,278	14,399	-14,879
Total U.S. Respondents	264,509	190,901	-73,608
Canadian Fleets	13,326	14,038	+712
Total Vehicles in Fleets	277,835	204,939	-72,896

Average Age of Vehicles Sold

Months			
U.S. Commercial Fleets	30.2	31	+.8
U.S. Government Fleets	63.9	55	-8.9
U.S. Public Utilities Fleets	66.1	61	-5.1
Canadian Fleets	32.2	32	-.2
Miles			
U.S. Commercial Fleets	61,029	64,356	+3,327
U.S. Government Fleets	91,679	87,231	-4,448
U.S. Public Utilities Fleets	78,550	81,362	+2,812
Canadian Fleets	78,460 km	94,478 km	+16,018

Survey Results Comparison

Number of Model Year Cars Sold

	1986	1987	+/-
U.S. Commercial Fleets			
1983 Model Year	19,960	12,460	-7,500
1984 Model Year	7,677	23,404	+15,727
1985 Model Year	1,535	11,716	+10,181
1986 Model Year	NA	4,837	+4,837
U.S. Government Fleets			
1983 Model Year	1,381	1,486	+105
1984 Model Year	0	679	+679
1985 Model Year	0	123	+123
1986 Model Year	NA	12	+12
U.S. Public Utilities Fleets			
1983 Model Year	77	326	+249
1984 Model Year	39	207	+168
1985 Model Year	0	86	+86
1986 Model Year	NA	33	+33
Canadian Fleets			
1983 Model Year	1,090	863	-227
1984 Model Year	160	1,430	+1,270
1985 Model Year	64	437	+373
1986 Model Year	NA	66	+66

Selling Methods
Number of Cars Sold in Each Category

U.S. Commercial Fleets			
Wholesaler/Auto Auction	27,145	26,367	-788
Employee	14,162	15,023	+861
Used Car Dealer	1,773	3,026	+1,253
New Car Dealer (Trade-In)	3,573	3,250	-323
Salvage/Other	NA	3,743	+3,473
U.S. Government Fleets			
Wholesaler/Auto Auction	7,653	3,291	-4,362
Employee	0	21	+21
Used Car Dealer	99	25	-74
New Car Dealer (Trade-In)	291	80	-211
Salvage/Other	NA	84	+84
U.S. Public Utilities Fleets			
Wholesaler/Auto Auction	3,444	1,803	-1,641
Employee	348	438	+90
Used Car Dealer	39	399	+360
New Car Dealer (Trade-In)	0	26	+26
Salvage/Other	NA	84	+84
Canadian Fleets			
Wholesaler/Auto Auction	1,410	1,557	+147
Employee	930	1,421	+491
Used Car Dealer	389	43	-346
New Car Dealer (Trade-In)	32	213	+181
Salvage/Other	NA	196	+196

NAFA's Used Car Marketing Survey Results *(Continued from page 15)*

Average age of vehicles (in months) sold in 1986:

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Minimum Age Given: 12 mos Maximum Age Given: 85 mos.	29	27	30	29	27	37	38	31 mos.
U.S. Government Fleets								**55 mos.**
U.S. Public Utilities Fleets								**61 mos.**
Canadian Fleets								**32 mos.**

Average mileage of vehicles sold in 1986 (per vehicle):

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Minimum Mileage Given: 24,000 Maximum Mileage Given: 150,000	62,586	63,609	56,849	62,261	63,852	56,350	73,436	64,356
U.S. Government Fleets								**87,231**
U.S. Public Utilities Fleets								**81,362**
Canadian Fleets								**94,478 km**

Are you planning any major changes in the length of time your cars are kept in service and/or the number of miles they are driven?

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Yes No	17.1% 82.9%	8.7% 91.3%	27.3% 72.7%	19.3% 80.7%	19.0% 81.0%	25.0% 75.0%	21.5% 78.5%	19.9% 80.1%
U.S. Government Fleets								
Yes No								25.0% 75.0%
U.S. Public Utilities Fleets								
Yes No								14.8% 85.2%
Canadian Fleets								
Yes No								18.8% 81.2%

Of those fleets saying they plan a major change in their fleets policies here is what the largest number of respondents in each group said those changes would be:

U.S. COMMERCIAL FLEETS: Seven fleets will decrease the number of months they keep cars by 12. Six fleets will increase the number of months they keep cars by 6. Six fleets will increase the number of months they keep cars by 12. Five fleets will decrease the amount of mileage they keep cars by 15,000. Four fleets will decrease the amount of mileage they keep cars by 10,000. Four fleets will increase the amount of mileage they keep cars by 10,000. **GOVERNMENT FLEETS:** 2 fleets will decrease the number of months they keep cars by 36. **PUBLIC UTILITY FLEETS:** 1 fleet will decrease the number of months they keep cars by 12 and 1 fleet will decrease the number of months they keep cars by 2. **CANADIAN FLEETS:** Three fleets will decrease the number of months they keep cars by 12. Six fleets will decrease the amount of mileage they keep cars anywhere from 8,000 km to 35,000 (6 single responses in this range). One fleet will increase mileage by 8,000 km. One fleet will increase mileage by 10,000 km.

(Continued on page 18)

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1986 Replacement Policies (Months/Miles)								
U.S. Commercial Fleets	**Drugs & Cosmetics**	**Food & Beverage**	**Insurance**	**Manufacturing-Industrial**	**Manufacturing-Consumer**	**Banking/Financial**	**Other**	**TOTAL**
Mean Months	35	33	36	34	42	31	41	37
Mean Miles	65,559	66,500	58,621	63,391	70,859	57,143	73,973	66,425
Median Months	36	36	36	36	36	36	36	36
Median Miles	60,000	60,000	60,000	60,000	55,000	57,500	60,000	60,000
U.S. Government Fleets								
Mean Months								58
Mean Miles								78,668
Median Months								60
Median Miles								80,000
U.S. Public Utilities Fleets								
Mean Months								67
Mean Miles								80,158
Median Months								60
Median Miles								75,000
Canadian Fleets								
Mean Months								36
Mean Kilometers								103,714
Median Months								36
Median Kilometers								96,000

1987 Replacement Policies (Months/Miles)								
U.S. Commercial Fleets	**Drugs & Cosmetics**	**Food & Beverage**	**Insurance**	**Manufacturing-Industrial**	**Manufacturing-Consumer**	**Banking/Financial**	**Other**	**TOTAL**
Mean Months	35	32	37	50	42	32	41	40
Mean Miles	62,500	64,895	58,571	66,568	63,288	62,000	74,766	65,808
Median Months	36	36	36	36	36	36	36	36
Median Miles	55,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
U.S. Government Fleets								
Mean Months								58
Mean Miles								77,820
Median Months								60
Median Miles								80,000
U.S. Public Utilities Fleets								
Mean Months								65
Mean Miles								80,176
Median Months								66
Median Miles								75,000
Canadian Fleets								
Mean Months								36
Mean Kilometers								94,463
Median Months								36
Median Kilometers								90,000

Note: The mean is computed by adding all responses and dividing that sum by the total number of responses. The median is that number which, when the numbers are placed in order from lowest to highest, has 50 percent of responses above and below it.

1988 Replacement Policies (Months/Miles)

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Mean Months	35	32	37	51	64	35	42	45
Mean Miles	61,321	63,235	59,074	64,474	63,250	68,333	71,468	64,740
Median Months	36	36	36	36	36	36	36	36
Median Miles	55,000	55,000	60,000	60,000	60,000	57,500	60,000	60,000
U.S. Government Fleets								
Mean Months								49
Mean Miles								70,793
Median Months								57
Median Miles								70,000
U.S. Public Utilities Fleets								
Mean Months								100
Mean Miles								79,867
Median Months								60
Median Miles								75,000
Canadian Fleets								
Mean Months								35
Mean Kilometers								92,303
Median Months								36
Median Kilometers								90,000

Do you recondition your cars?

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Yes	8.6%	8.7%	9.1%	10.7%	12.5%	13.3%	16.7%	11.9%
No	91.4%	91.3%	90.9%	89.3%	87.5%	86.7%	83.3%	88.1%
U.S. Government Fleets								
Yes								29.2%
No								70.8%
U.S. Public Utilities Fleets								
Yes								12.5%
No								87.5%
Canadian Fleets								
Yes								19.1%
No								80.9%

Do you sell your cars as is?

U.S. Commercial Fleets	Drugs & Cosmetics	Food & Beverage	Insurance	Manufacturing-Industrial	Manufacturing-Consumer	Banking/Financial	Other	TOTAL
Yes	100.0%	95.7%	100.0%	94.6%	92.7%	100.0%	98.5%	97.1%
No	0	4.3%	0	5.4%	7.3%	0	1.5%	2.9%
U.S. Government Fleets								
Yes								91.5%
No								8.5%
U.S. Public Utilities Fleets								
Yes								95.8%
No								4.2%
Canadian Fleets								
Yes								89.1%
No								10.9%

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The Magazine for Vehicle Management
September 1987

ANNUAL SAFETY ISSUE

The Profit in Fleet Safety

An In-depth Look at Human and Monetary Preservation

Photo report of NAFA's Law Enforcement Seminar — page 26

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By Diane K. Steed, Administrator, National Highway Traffic Safety Administration
How do fleet managers balance the scale between fleet safety considerations and keeping down costs? For answers, read the suggestions given here by the leader of this busy section of the U.S. Department of Transportation.

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Transport Canada Part I:

Working To Reduce Impaired Driving

The effects of drunk driving are obvious: lost, handicapped and maimed lives, millions of dollars in hospital and rehabilitation expenses, millions of dollars in repair costs, and still more money in lost salaries, retraining and compensation costs.

How can fleet managers help lessen the abundance of drunk drivers and are the effects of some of their attempts being felt already?

Jean Wilson, Head of Social Research at Transport Canada, answers these questions and will show you with hard facts and figures that, in fact, progress is being made in the United States and Canada.

Impaired driving refers to the act of driving with a blood-alcohol level greater than that prescribed by law. In Canada, this level is .08 percent blood-alcohol concentration (BAC) or 80 milligrams of alcohol per 100 milliliters of blood. In most U.S. states illegal BAC is .10 percent. In the U.S. behavioral impairment may occur at levels lower than these, and there are laws to cover such instances.

There are a number of ways in which one can measure the extent of the impaired driving problem, none of them completely satisfactory. Some would argue the ultimate measure is alcohol-related crashes. The closest measure available is derived from the results of blood-alcohol tests performed on drivers killed in crashes. In the U.S., data are reported from only 15 states which routinely test fatally injured drivers for the presence of alcohol.

Chart I shows U.S. data from 1980 through 1984. The lower bar is the percent of dead drivers with illegal blood-alcohol levels and the upper bar is the percent of drivers with any amount of alcohol in their bodies. The main feature to note is the percent of illegal alcohol involvement in fatal crashes is alarmingly high by any standard — between 40 and 50 percent!

Furthermore, drinking drivers who get killed have usually been drinking excessive amounts. Those with BAC less than .10 percent (the upper portion of the bar) represent the minority of drinking drivers killed. However, on the positive side, there appears to be a decreasing trend from 1981 to 1984. The trend continues for 1985 (not shown on the graph) as the National Highway Traffic Safety Administration reports 38.3 percent of drivers killed that year in the United States had a BAC exceeding .10 percent. (Note: 1985 data is not strictly comparable with other years because NHTSA changed their methodology, bringing in

accident reports from all 50 states.) Canada's figures (shown on Chart II) show a similar trend from 1974 to 1985.

From 1974 to 1981 there is no apparent trend, either upward or downward, with illegal alcohol involvement hovering around 60 percent. Then from 1982, there is a gradual decline.

Unwarranted Conclusions

Does this mean recent initiatives to reduce impaired driving are beginning to have an impact? Although it would be nice to think so, such a conclusion is not warranted from these data alone. There are other ways of measuring the impaired driving problem which indicate how it may be changing.

Chart III shows the number of persons charged with impaired driving offenses in Canada. There has been a decrease from approximately 162,000 in 1981 to 132,000 in 1985, a trend which, on the surface, is consistent with the trend in alcohol-related fatalities. However, one should be wary when interpreting police enforcement statistics; they do not necessarily vary with the extent of the crime. They can be very sensitive to other factors, such as police resources, priorities and enforcement practices.

For example, when the Stockton, California police department was given special program funds to selectively enforce impaired driving laws the number of charges laid increased 200 percent.

It is of some interest that U.S. figures for DWI arrests over the same 1981-1985 timeframe do not follow the same pattern as the Canadian data. (See Chart IV) The number of arrests increased from 1981 to 1983 then dropped in 1984 and 1985. These numbers represent only those police forces reporting to the FBI (approximately 4,000) but they are fairly representative of national trends.

Economy Affects Sales

Two commodities whose sales are highly sensitive to economic conditions are gasoline and beverage alcohol. We know for certain that sales of alcoholic beverages have leveled off over the past five years. The figures in Chart V show total volume of beer sales and per capita beer sales in the U.S. and Canada. (Beer was chosen over total alcohol sales because studies show beer is the preferred beverage of the majority of impaired drivers.)

In the U.S., per capita beer sales peaked in 1981 and have declined since, but the pattern in Canada is different, where per capita beer sales have been falling since 1976. There are also more year-to-year fluctuations in Canada, possibly since sales were affected by labor disputes in the brewing and beer retail sectors. In any case, the pattern since 1981 is clear: declining beer consumption has little relation to the number of alcohol-related deaths.

Perhaps the best indication of whether the extent of impaired driving has changed over time comes from night-time roadside surveys of drivers'

(Continued on page 18)

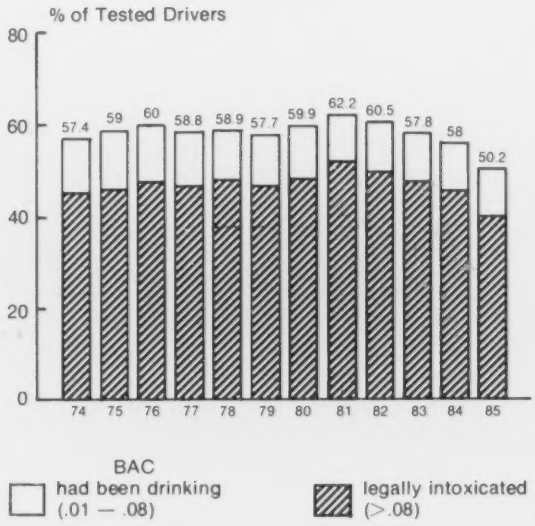
Chart I

Alcohol Involvement Among Fatally Injured Drivers: U.S.A. (15 States). 1980-1984

Source: Fatal Accident Reporting System. 1984. U.S. Department of Transportation

Chart II

Alcohol Involvement Among Fatally Injured Drivers: Canada (7 Provinces). 1974-1985



Source: T.I.R.F. Fatality Database

Chart V

Volume of Beer Sales. Canada. 1976-1985

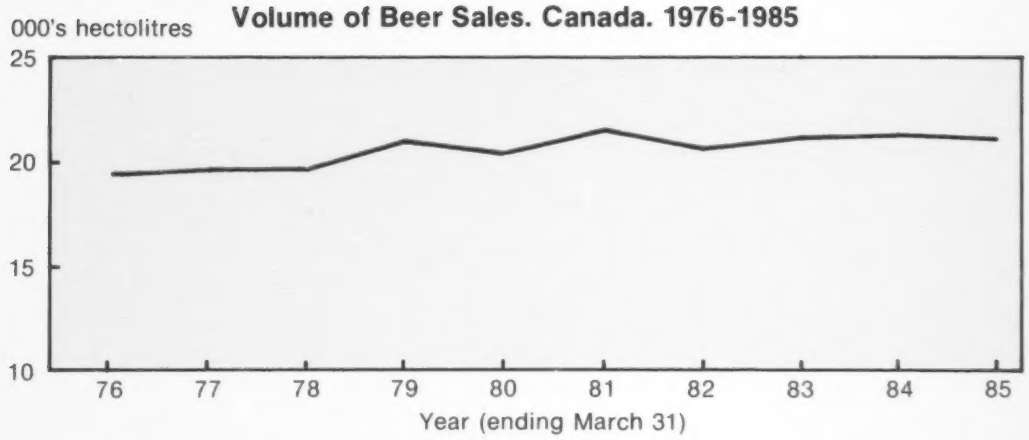
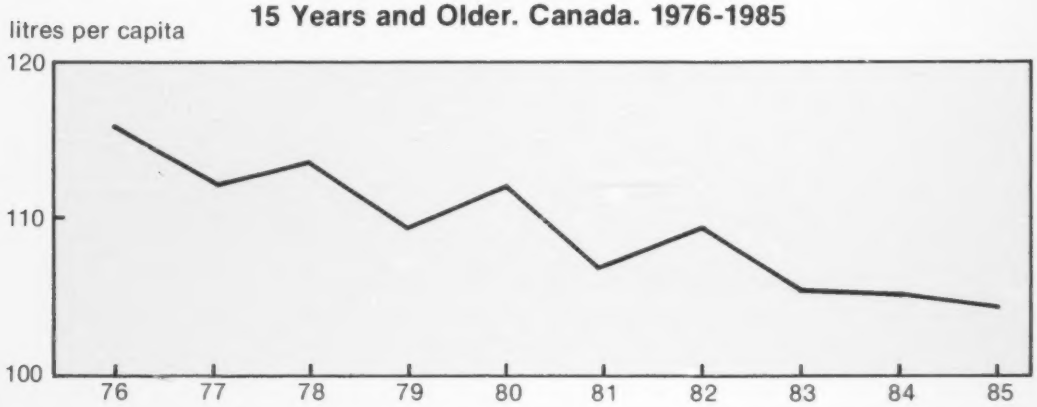


Chart V

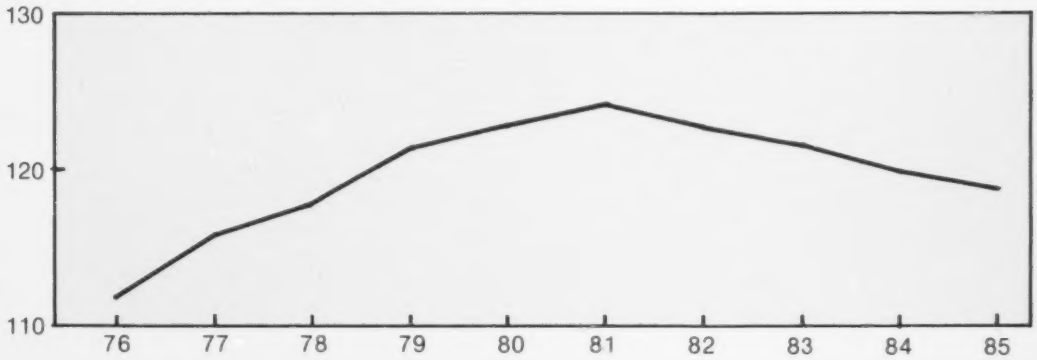
Volume of Beer Sales Per Capita
15 Years and Older. Canada. 1976-1985



Source: Statistics Canada. 1986

Chart V

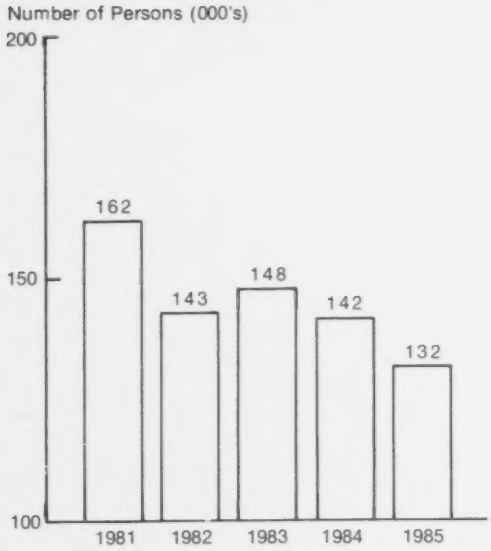
Volume of Beer Sales Per Capita
16 Years and Older. U.S.A. 1976-1985



Source: Bureau of the Census, U.S. Department of Commerce. 1985

Chart III

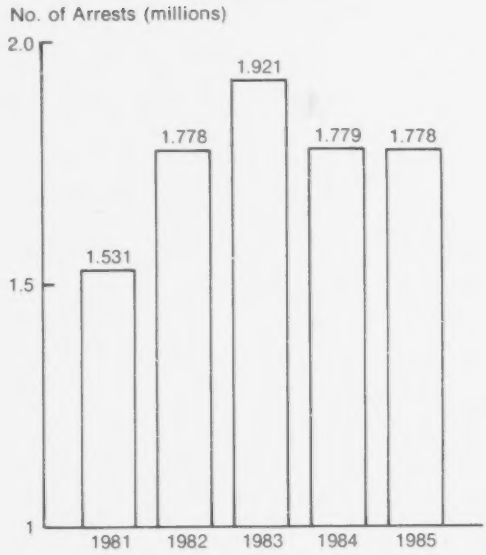
Number of Persons Charged with Impaired Driving Offenses: Canada. 1981-1985



Source: Juristat 6 (3), 1986. Statistics Canada

Chart IV

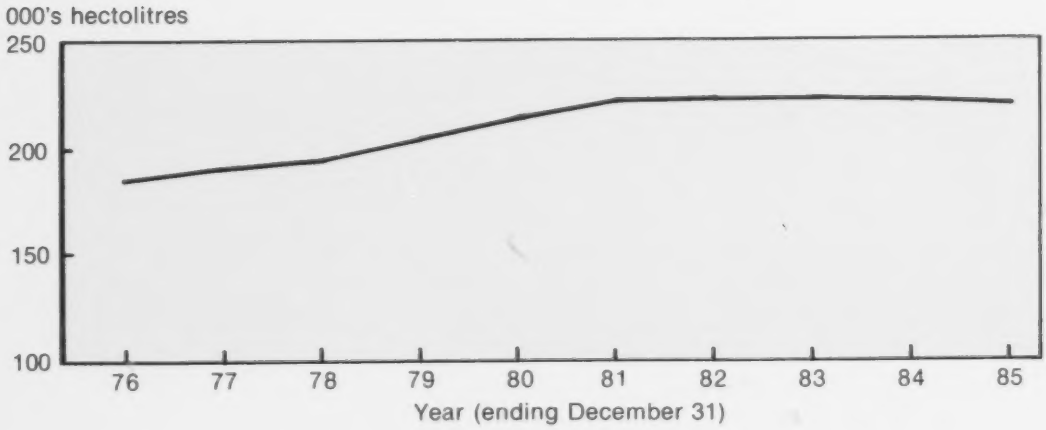
Number of DWI Arrests U.S.A., 1981-1985



Source: F.B.I., 1986 (including only police forces reporting to the F.B.I.)

Chart V

Volume of Beer Sales. U.S.A. 1976-1985



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alcohol use. In Canada, drivers are randomly stopped and asked to provide a voluntary breath sample with no legal consequences. Surveys conducted in 1981 indicate between the hours of 10 p m. and 3 a.m. about six percent of drivers on the road were legally impaired. Preliminary results from surveys conducted in the provinces of Ontario and Quebec in 1986 show the extent of impaired driving has probably decreased, but the results are as yet unofficial.

Roadside Reductions

Similar types of surveys have also been conducted in the United States. A national roadside survey in 1986 indicated a 37 percent reduction in the number of drivers with BAC over .10 percent since 1973. This is probably the most direct evidence available showing impaired driving has, in fact, been declining.

Does this mean we are on the way to solving the impaired driving problem? It has been suggested we have grounds for tempered optimism, but not complacency. Although small improvements are evident, the problem is still alarmingly big as evidenced by the fact that about 40 percent of driver fatalities are legally impaired; approximately one in ten drivers on the roads between 1:30 a.m. and 3 a.m. is legally impaired. Furthermore, the reasons for the apparent change of direction in impaired driving is not known. If economic factors are primarily responsible, one would expect alcohol consumption and impaired driving to return to pre-1982 levels with economic recovery.

Changing Attitudes

On the positive side, during the past five years there appears to have been something akin to a social revolution taking place with respect to drinking and driving. It is quite possible the vast spectrum of society's response to the problem has had an impact on changing peoples' attitudes and behavior.

Some approaches forming part of this recent social trend are:

1) Legislative. One of the most visible social trends has been a general tendency of many jurisdictions to toughen their impaired driving laws. In Canada, major amendments were introduced to the Criminal Code with the passage of Bill-C-19 in December 1985, and a number of provincial governments have increased the period of license suspension. Most states have introduced recent changes to drink-driving laws, partly in response to federal government pressure, in the form of incentive grants. Some states have become almost competitive with each other, claiming that their respective impaired driving laws are the toughest in the country. Legislative trends include increases in legal drinking age, increased penalties, jail sentence for first offense, mandatory assessment and treatment for alcohol dependency and closing of loop-holes in the judicial system.

2) Enforcement. If legislative strategies are to be effective, they must be accompanied by enthusiastic enforcement. Studies have repeatedly shown that a tough new law may have a temporary deterrent effect, but if people realize there has been no change in the actual likelihood of their being caught, impaired driving soon returns to its former (pre-law) level.

Impaired driving law enforcement often takes the form of blitzes or short-term campaigns, characterized by random spot checks or sobriety check points. These have been practiced for some time by several Canadian provinces and are gaining popularity in the U.S., as states seem to be finding ways to overcome constitutional objections to the procedure. Oddly enough, these spot checks do not usually result in large numbers of arrests. Their primary goal is deterrence, not detection. However, when well-publicized, they have been shown to result in short-term decreases in alcohol-related accidents.

3) Citizen Action Groups. Citizen Action Groups have been a major influence on awareness of the problem of impaired driving. Among the membership of these groups are relatives and close friends of impaired driving accident victims — people who have very strong feelings and motivations. These groups have brought sufficient pressure on governments, either directly or through the media, to influence them to change their impaired driving laws.

4) Theme of Shared Social Responsibility. This theme is reflected in slogans, such as "friends don't let friends drive drunk," which form a basis of some publicity campaigns. It is reflected in approaches like Server Intervention programs in which employees in the retail alcohol beverage industry are given training to recognize signs of intoxication and taught the skills to deal with such cases. Peer intervention programs have been introduced in a number of high schools. Designated Driver, Dial-a-ride type services and responsible hosting are other examples. The trend is also reflected in the increasing number of civil liability suits naming the server of alcoholic beverages as a contributing party to a motor vehicle accident. The notion that each of us is our brother's keeper may be objectional to some, especially when taken to the extreme. However, the major thrust behind most public awareness programs is the recognition that the problem is too big to be solved by legislative and enforcement approaches alone. There is an assumption that the problem extends beyond the direct perpetrators of the crime and that all of us have a role to play in reducing impaired driving and its tragic consequences. ■